

# TRADEMARK ASSIGNMENT

Electronic Version v1.1  
Stylesheet Version v1.1

SUBMISSION TYPE:	NEW ASSIGNMENT		
NATURE OF CONVEYANCE:	SECURITY INTEREST		
CONVEYING PARTY DATA			
Name	Formerly	Execution Date	Entity Type
Z GALLERIE		02/03/2010	CORPORATION: CALIFORNIA
RECEIVING PARTY DATA			
Name:	SCOULER & COMPANY LLC		
Street Address:	445 PARK AVENUE, 11TH FLOOR		
City:	NEW YORK		
State/Country:	NEW YORK		
Postal Code:	10022		
Entity Type:	LIMITED LIABILITY COMPANY: DELAWARE		
PROPERTY NUMBERS Total: 10			
Property Type	Number	Word Mark	
Serial Number:	77335552	Z GALLERIE CELLARS	
Serial Number:	77289860	Z GHOUILLERIE	
Registration Number:	3024634	UNCOVER YOUR STYLE DISCOVER Z GALLERIE	
Registration Number:	3024633	UNCOVER YOUR STYLE DISCOVER Z GALLERIE	
Registration Number:	3024632	UNCOVER YOUR STYLE DISCOVER Z GALLERIE	
Registration Number:	2961180	Z	
Registration Number:	2747220	Z GALLERIE	
Registration Number:	1779881	Z GALLERIE	
Registration Number:	1618180	Z GALLERIE	
Registration Number:	1897134	Z Z GALLERIE	
CORRESPONDENCE DATA			
Fax Number:	(212)808-7897		
<i>Correspondence will be sent via US Mail when the fax attempt is unsuccessful.</i>			
Phone:	212-808-7800		

OP \$265.00 77335552

900153995

TRADEMARK  
REEL: 004143 FRAME: 0955

Email: ccastro@kelleydrye.com  
Correspondent Name: Andrea L. Calvaruso  
Address Line 1: 101 Park Avenue  
Address Line 4: new york, NEW YORK 10178

ATTORNEY DOCKET NUMBER:	019844-0010
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NAME OF SUBMITTER:	Andrea L. Calvaruso
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Signature:	/Andrea L. Calvaruso/
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Date:	02/04/2010
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**Total Attachments: 8**

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## TRADEMARK SECURITY AGREEMENT

This Trademark Security Agreement (the "Agreement"), dated as of January \_\_\_\_, 2010, is made by and between Z Gallerie, a California corporation, having a business location at the address set forth below next to its signature ("Company"), and Scouler & Company LLC, as collateral/disbursement agent for the benefit of Holders of Allowed General Unsecured Claims (as defined in the Plan defined below) ("Scouler"), and having a business location at the address set forth below next to its signature.

### RECITALS

A. Company and Scouler are parties to a Security Agreement (as amended, supplemented or restated from time to time, the "Security Agreement") dated as of October 20, 2009.

B. As a condition to the financial accommodations extended to Company, Scouler has required the execution and delivery of this Agreement by Company.

ACCORDINGLY, in consideration of the mutual covenants contained herein, the parties hereby agree as follows:

1. Definition. All terms defined in the Recitals hereto or in the Security Agreement that are not otherwise defined herein shall have the meanings given to them in the Security Agreement or the Note (as defined below). In addition, the following terms have the meanings set forth below:

"Note" means the Secured Promissory Note dated October 20, 2009 executed by Company in favor of Scouler (as amended, supplemented or restated from time to time).

"Plan" means Company's confirmed Second Amended Disclosure Statement and Chapter 11 Plan of Reorganization (dated August 13, 2009).

"Security Interest" has the meaning given in Section 2.

"Trademarks" means all of Company's right, title and interest in and to: (i) trademarks, service marks, collective membership marks, registrations and applications for registration for each, and the respective goodwill associated with each, (ii) licenses, fees or royalties with respect to each, (iii) the right to sue for past, present and future infringement, dilution and damages therefor, and (iv) licenses thereunder, all as presently existing or hereafter arising or acquired, including, without limitation, the marks listed on Exhibit A.

2. Security Interest. Company hereby irrevocably pledges and assigns to, and grants Scouler a security interest (the "Security Interest") with power of sale to the extent permitted by law, in the Trademarks to secure payment of the Obligations. As set forth in the Security Agreement, the Security Interest is coupled with a security interest in substantially all of the personal property of Company. This Agreement grants only the Security Interest herein described, is not intended to and does not affect any present transfer of title of any trademark

registration or application and makes no assignment and grants no right to assign or perform any other action with respect to any intent to use trademark application, unless such action is permitted under 15 U.S.C. § 1060.

3. Representations, Warranties and Agreements. Company represents, warrants and agrees as follows:

(a) **Existence; Authority.** Company is a corporation duly organized, validly existing and in good standing under the laws of its state of incorporation, and this Agreement has been duly and validly authorized by all necessary corporate action on the part of Company.

(b) **Trademarks.** Exhibit A accurately lists all Trademarks owned or controlled by Company as of the date hereof and accurately reflects the existence and status of Trademarks and all applications and registrations pertaining thereto as of the date hereof; provided, however, that Exhibit A need not list common law marks (i.e., Trademarks for which there are no applications or registrations) which are not material to businesses of the Company or any Affiliate (as defined in the Credit Agreement). If after the date hereof, Company owns or controls any Trademarks not listed on Exhibit A (other than common law marks which are not material to Company's or any Affiliate's business(es)), or if Exhibit A ceases to accurately reflect the existence and status of applications and registrations pertaining to the Trademarks, then Company shall promptly provide written notice to Scouler with a replacement Exhibit A, which upon acceptance by Scouler shall become part of this Agreement.

(c) **Affiliates.** As of the date hereof, no Affiliate owns, controls, or has a right to have assigned to it any items that would, if such item were owned by Company, constitute Trademarks. If after the date hereof any Affiliate owns, controls, or has a right to have assigned to it any such items, then Company shall promptly either: (i) cause such Affiliate to assign all of its rights in such item(s) to Company; or (ii) notify Scouler of such item(s) and cause such Affiliate to execute and deliver to Scouler a trademark security agreement substantially in the form of this Agreement.

(d) **Title.** Company has absolute title to each Trademark listed on Exhibit A, free and clear of all Liens except Permitted Liens (as defined in the Credit Agreement). Company (i) will have, at the time Company acquires any rights in Trademarks hereafter arising, absolute title to each such Trademark free and clear of all Liens except Permitted Liens, and (ii) will keep all Trademarks free and clear of all Liens except Permitted Liens.

(e) **No Sale.** Except as permitted in the Credit Agreement or the Security Agreement, Company will not assign, transfer, encumber or otherwise dispose of the Trademarks, or any interest therein, without Scouler's prior written consent.

(f) **Defense.** Company will at its own expense and using commercially reasonable efforts, protect and defend the Trademarks against all claims or demands of all Persons (as defined in the Credit Agreement) other than those holding Permitted Liens.

(g) **Maintenance.** Company will at its own expense maintain the Trademarks to the extent reasonably advisable in its business including, but not limited to, filing all applications to obtain letters trademark registrations and all affidavits, maintenance fees, annuities, and renewals possible with respect to trademark registrations and applications therefor. Company covenants that it will not abandon nor fail to pay any maintenance fee or annuity due and payable on any Trademark, nor fail to file any required affidavit or renewal in support thereof, without first providing Scouler: (i) sufficient written notice, of at least 30 days, to allow Scouler to timely pay any such maintenance fees or annuities which may become due on any Trademarks, or to file any affidavit or renewal with respect thereto, and (ii) a separate written power of attorney or other authorization to pay such maintenance fees or annuities, or to file such affidavit or renewal, should such be necessary or desirable.

(h) **Scouler's Right to Take Action.** If Company fails to perform or observe any of its covenants or agreements set forth in this Section 3, and if such failure continues for a period of ten (10) calendar days after Scouler gives Company written notice thereof (or, in the case of the agreements contained in subsection (h), immediately upon the occurrence of such failure, without notice or lapse of time), or if Company notifies Scouler that it intends to abandon a Trademark, Scouler may (but need not) perform or observe such covenant or agreement or take steps to prevent such intended abandonment on behalf and in the name, place and stead of Company (or, at Scouler's option, in Scouler's own name) and may (but need not) take any and all other actions which Scouler may reasonably deem necessary to cure or correct such failure or prevent such intended abandonment.

(i) **Costs and Expenses.** Except to the extent that the effect of such payment would be to render any loan or forbearance of money usurious or otherwise illegal under any applicable law, Company shall pay Scouler on demand the amount of all moneys expended and all costs and expenses (including reasonable attorneys' fees and disbursements) incurred by Scouler in connection with or as a result of Scouler's taking action under subsection (h) or exercising its rights under Section 6, together with interest thereon from the date expended or incurred by Scouler in accordance with the terms set forth in the Note.

(j) **Power of Attorney.** To facilitate Scouler's taking action under subsection (h) and exercising its rights under Section 6, Company hereby irrevocably appoints (which appointment is coupled with an interest) Scouler, or its delegate, as the attorney in fact of Company with the right (but not the duty) from time to time to create, prepare, complete, execute, deliver, endorse or file, in the name and on behalf of Company, any and all instruments, documents, applications, financing statements, and other agreements and writings required to be obtained, executed, delivered or endorsed by Company under this Section 3, or, necessary for Scouler, after an Event of Default, to enforce or use the Trademarks or to grant or issue any exclusive or non exclusive license under the Trademarks to any third party, or to sell, assign, transfer, pledge, encumber or otherwise transfer title in or dispose of the Trademarks to any third party. Company hereby ratifies all that such attorney shall lawfully do or cause to be done by virtue hereof. The power of

attorney granted herein shall terminate upon the termination of the Security Agreement as provided therein and the payment and performance of all Obligations.

4. Company's Use of the Trademarks. Company shall be permitted to control and manage the Trademarks, including the right to exclude others from making, using or selling items covered by the Trademarks and any licenses thereunder, in the same manner and with the same effect as if this Agreement had not been entered into, so long as no Event of Default occurs and remains uncured.

5. Events of Default. Each of the following occurrences shall constitute an event of default under this Agreement (herein called "Event of Default"): (a) an Event of Default, as defined in the Note, shall occur; or (b) Company shall fail promptly to observe or perform any covenant or agreement herein binding on it; or (c) any of the representations or warranties contained in Section 3 shall prove to have been incorrect in any material respect when made.

6. Remedies. Upon the occurrence of an Event of Default and at any time thereafter, Scouler may, at its option, take any or all of the following actions:

(a) Scouler may exercise any or all remedies available under the Note and the Security Agreement.

(b) Scouler may sell, assign, transfer, pledge, encumber or otherwise dispose of the Trademarks.

(c) Scouler may enforce the Trademarks and any licenses thereunder, and if Scouler shall commence any suit for such enforcement, Company shall, at the request of Scouler, do any and all lawful acts and execute any and all proper documents required by Scouler in aid of such enforcement.

7. Subordination Agreement Controls. This Agreement is subject to the Subordination Agreement. In the event of any conflict between the terms and conditions of this Agreement and the terms and conditions of the Subordination Agreement, the terms and conditions of the Subordination Agreement shall govern and control.

8. Miscellaneous. This Agreement can be waived, modified, amended, terminated or discharged, and the Security Interest can be released only explicitly in a writing signed by Scouler. A waiver signed by Scouler shall be effective only in the specific instance and for the specific purpose given. Mere delay or failure to act shall not preclude the exercise or enforcement of any of Scouler's rights or remedies. All rights and remedies of Scouler shall be cumulative and may be exercised singularly or concurrently, at Scouler's option, and the exercise or enforcement of any one such right or remedy shall neither be a condition to nor bar the exercise or enforcement of any other. All notices to be given to Company under this Agreement shall be given in the manner and with the effect provided in the Security Agreement. Scouler shall not be obligated to preserve any rights Company may have against prior parties, to realize on the Trademarks at all or in any particular manner or order, or to apply any cash proceeds of Trademarks in any particular order of application. This Agreement shall be binding upon and inure to the benefit of Company and Scouler and their respective participants, successors and assigns and shall take effect when signed by Company and delivered to Scouler, and Company

waives notice of Scouler's acceptance hereof. Scouler may execute this Agreement if appropriate for the purpose of filing, but the failure of Scouler to execute this Agreement shall not affect or impair the validity or effectiveness of this Agreement. A carbon, photographic or other reproduction of this Agreement or of any financing statement signed by Company shall have the same force and effect as the original for all purposes of a financing statement. This Agreement shall be governed by the internal law of New York without regard to conflicts of law provisions. If any provision or application of this Agreement is held unlawful or unenforceable in any respect, such illegality or unenforceability shall not affect other provisions or applications which can be given effect and this Agreement shall be construed as if the unlawful or unenforceable provision or application had never been contained herein or prescribed hereby. All representations and warranties contained in this Agreement shall survive the execution, delivery and performance of this Agreement and the creation and payment of the Indebtedness.

IN WITNESS WHEREOF, the parties have executed this Trademark Security Agreement as of the date written above.

**SCOULER & COMPANY LLC**, a  
Delaware limited liability company, in its  
capacity as Collateral/Disbursement Agent  
under the Plan

By: Daniel Scouler  
Daniel Scouler  
Its Managing Partner

Scouler & Company LLC  
Collateral/Disbursement Agent for Z Gallerie  
445 Park Avenue, 11<sup>th</sup> Floor  
New York, New York 10022  
Fax: (917) 322-2105  
Attention: John Rudd  
e-mail: jrudd@scouler.com

**Z GALLERIE**  
a California corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Z Gallerie  
1855 W. 139<sup>th</sup> Street  
Gardena, California 90249  
Fax: (310) 527-2955  
Attention: Michael Zeiden  
e-mail: mzeiden@zgallerie.com  
Federal Employer Identification No.  
95-3733816  
Organization Identification No.  
C1151967



EXHIBIT A

UNITED STATES ISSUED TRADEMARKS, SERVICE MARKS  
AND COLLECTIVE MEMBERSHIP MARKS

REGISTRATIONS

<b>Trademark</b>	<b>Reg. No./ Serial No.</b>	<b>Reg. Date/ File Date</b>
UNCOVER YOUR STYLE DISCOVER Z GALLERIE	3,024,634	12/06/2005
UNCOVER YOUR STYLE DISCOVER Z GALLERIE	3,024,633	12/06/2005
UNCOVER YOUR STYLE DISCOVER Z GALLERIE	3,024,632	12/06/2005
Z (Stylized Letters)	2,961,180	06/07/2005
Z GALLERIE	2,747,220	08/05/2003
Z GALLERIE CELLARS	77/335,552	11/21/2007
Z GHOULLERIE	77/289,860	09/26/2007
Z GALLERIE	1,779,881	06/29/1993
Z GALLERIE	1,897,134	05/30/1995
Z GALLERIE	1,618,180	10/16/1990

APPLICATIONS

<b>Trademark</b>	<b>Reg. No./ Serial No.</b>	<b>Reg. Date/ File Date</b>
Z GALLERIE CELLARS	77/335,552	11/21/2007
Z GHOULLERIE	77/289,860	09/26/2007

COLLECTIVE MEMBERSHIP MARKS

None.

UNREGISTERED MARKS

None.

IN WITNESS WHEREOF, the parties have executed this Trademark Security Agreement as of the date written above.

**SCOULER & COMPANY LLC**, a  
Delaware limited liability company, in its  
capacity as Collateral/Disbursement Agent  
under the Plan

By: Daniel Scouler  
Daniel Scouler  
Its Managing Partner

Scouler & Company LLC  
Collateral/Disbursement Agent for Z Gallerie  
445 Park Avenue, 11<sup>th</sup> Floor  
New York, New York 10022  
Fax: (917) 322-2105  
Attention: John Rudd  
e-mail: jrudd@scouler.com

**Z GALLERIE**

a California corporation

By: Michael Zeiden  
Name: Michael Zeiden  
Title: CFO/Secretary

Z Gallerie  
1855 W. 139<sup>th</sup> Street  
Gardena, California 90249  
Fax: (310) 527-2955  
Attention: Michael Zeiden  
e-mail: mzeiden@zgallerie.com  
Federal Employer Identification No.  
95-3733816  
Organization Identification No.  
C1151967